

AUTHORITY - DELEGATION - RESPONSIBILITY

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AUTHORITY

Authority is a vital consideration in management.

Authority is the right to act, to command, or to require action by others.

Authority may be considered as the power to require others to take action that is considered necessary for the achievement of the objective.

Authority includes the power to make decisions and to see that these decisions are carried out.

Authority is the key to the management position. Managers are required to work through people to reach the objectives of the firm.

"Authority is the right to act or to exact action by others, within a prescribed area."¹/

TWO CONCEPTS OF AUTHORITY

1. The owners of the firm through the board of directors delegate their right of how to use their property to the manager of the firm, the manager in turn delegates portions of this right to his various assistants who in turn delegate to their assistants and so on down to the employee of the lowest level of the firm. Using this approach to authority, the power to exact action by others stems from ownership. An owner or his official representative has the right to make and enforce decisions concerning the use of his own resources.

This concept says: "Ownership includes the right to put property to use and to direct how it is used," an arrangement having both legal and social approval and carried out within the limitations prescribed by law. The performance of management activity therefore rests on the powers inherent in ownership and these powers are ultimately delegated to the manager.

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¹/Terry, G. R.; Office Management and Control, Irwin, Homewood, Illinois, 1966, page 612.

However, in recent years the authority arising from the exercise of private owners rights of using and directing the use of his property have been modified by legal, political, ethical, economical, and social consideration.

2. Today the more popular conceptions of authority are that authority comes to the manager by the acceptance of the manager's power to make and enforce decisions by his subordinates. In this approach the manager is considered to have no authority until it is conferred upon him by his subordinates. Therefore acceptance by subordinates is the key in this line of explanation and reason. Leadership by the manager, for example, becomes highly significant because the manager's influence depends in a great measure on his ability to win support from his subordinates through such attributes as knowledge of human relations, technical skills, and communicative ability.

The popular conception of the authority today is that the manager should win, not order, the support of his subordinate.

The successful agribusiness manager recognizes that the authority is most effective when it is considered a potential power rather than an essential ingredient of management practice.

Authority is most effective when used sparingly and selectively. Often times the hidden or implied threat of the application of authority is the source of real power to bring about desired behaviors.

Management Authority Has Definite Limits:

1. It must be used in relation to the efforts of the employees necessary to reach the firm's objective or objectives.

Authority must be kept within the accepted plans of the enterprise. The articles of incorporation, the laws in which the firm is incorporated, marketing agreements, bargaining agreements place restrictions on the manager's exercise of authority.

2. It must not require action beyond the capabilities of the employee's capacity to perform.

There are specific limits to authority. A manager cannot decide to enforce an activity which is beyond the capacity either mental or physical of the subordinates to perform.

There are certain social limitations to the use of authority. Activities must be kept within the group's fundamental social belief, codes, creeds and habits. Employers under the present labor laws cannot interfere with the employees right to bargain or not to bargain collectively. Employers cannot interfere with the establishment or the operation of labor unions nor can an employer refuse to bargain collectively with his employees.

In practice the employer is not free to do with his property as he pleases. Society has established guidelines in the form of law that each

business must conform to if it is to retain its charter. Property includes such things as machines, tools, and materials. It does not include employees.

Authority relationships may be either:

1. Vertical
2. Horizontal

Vertical Authority Relationships:

These are relationships among employees of different organizational levels and usually involve a supervisor and a subordinate.

Horizontal Authority Relationships:

These are relationships which take place at the same structural level within an organizational structure.

The central part of leadership and management is its right to command the work of others. A manager receives from his board the right to give orders to employees and to expect compliance. The scope of authority must be carefully explained so that each employee knows precisely the limits of each executive's:

- authority in terms of its scope
- over which employees
- for what activities

It is important that a written description of each executive's position, whether high or low, be prepared and made available to all affected employees.

Authority may be received from above, and it can also be earned from below. The long-run success and personal satisfaction of a manager is likely to be much greater when authority and respect are earned as well as delegated.

DELEGATION OF AUTHORITY

Delegation of authority is essential to the existence of an organization. The organizational units require the delegation of authority from the owners, to the board of directors, to the manager, to the individual charged with the performance of a task. Without delegation the owners would be the only management member of the enterprise.

Delegation means conferring authority from one executive or organizational unit to another to accomplish particular assignments.

Delegation does not mean to give away or surrender authority.

A manager delegating always retains his overall authority for the assigned function whether he wishes to or not. Delegation does not mean

the permanent release from these obligations but rather the granting of rights and approval for others to operate within prescribed areas.

As a result of delegation, the subordinate receives authority from his superior but at the same time his superior retains all his original authority and accountability.

Going from the top to the bottom of an organizational structure, the delegated authority becomes smaller and smaller with each successive level thus causing a tapering characteristic.

Responsibility:

"Responsibility is the obligation of an individual to carry out assigned activities to the best of his ability."^{2/}

Responsibility originates when a person with authority needs assistance and delegates authority for performance of a specific task to another individual.

When a person accepts an obligation to do a specific task, responsibility is created.

Responsibility and authority go together.

The organization structure of the firm must show to whom and for what each employee is obligated. The employee's obligations must clearly point out the objectives to be attained, the tasks to be performed, and to whom and for what the employee is responsible.

Responsibility is important to the general or executive manager. All employees of the agribusiness firm are responsible to him. He, in turn, is responsible to the Board of Directors not only for his work, but he is also responsible to the Board of Directors for the work of all the employees of the agribusiness firm. The Board of Directors is, in turn, responsible to the owners of the agribusiness for the work of the manager and all the employees.

"Responsibility is the obligation for carrying out of a duty and what one is accountable for in the execution of an assigned task."^{3/}

"Responsibility cannot be delegated to others. For example, a manager may delegate authority to accomplish an assignment, but the manager cannot delegate the responsibility with which he has been charged."^{4/}

^{2/}Terry, G. R.; Principles of Management, Irwin, 1964, page 378.

^{3/}Terry, G. R.; Office Management and Control, op. cit.

^{4/}Manuel, M.; Improving Management of Farmer Cooperatives, FCS, USDA, General Report No. 120, 1964, page 17.

Delegation:

There are three basic reasons for which a manager must delegate authority:

1. He is responsible for more work than he can do himself
2. Delegation is necessary to the development of subordinates
3. Delegation provides management depth or "bench strength"

Delegation is assigning a task originally designated to the manager to a subordinate who is best qualified to complete the task satisfactorily.

Delegation of authority should be given in written form!

Delegation is authority should be written to clarify specifically all relationships in order that all uncertainties will be eliminated.

When preparing a written description of the authority delegated, the delegator must think through the situation and decide what specific assignments are to be made. From the written delegation of authority the person receiving the authority will know specifically in what areas and to what degree he has authority.

Writing descriptions of authority should be added to the organizational manual for future reference.

The advantages that will be derived from written descriptions of authority more than offset the time required to write these.

MANAGERS MUST DELEGATE

The manager who fails to recognize that others can perform tasks as well as he limits his own management growth and development.

Those who manage must delegate authority as the situation requires.

The delegator of the authority always retains the ultimate authority and the ultimate responsibility.

Authority and responsibility must be assigned to an employee simultaneously and in equal amounts.

A manager may assign certain duties or tasks to an employee--directing the employee to do them is authority. The employee's acceptance of the obligation to perform the task creates the employee's responsibility for the satisfactory completion of the task.

When an employee is delegated a task he has an obligation to the delegator to perform the task satisfactorily--the employee has the responsibility. Equal to this responsibility, the employee has authority to perform the activities necessary to complete the task.

An employee delegated responsibility for specific results must be given sufficient authority to achieve them.

"A manager cannot hold an employee or a group of employees accountable for any task or tasks unless he has given him or them sufficient authority to perform all the activities necessary to satisfactorily complete the task."^{5/}

A Manager Should Delegate:

1. All those tasks that an employee of the firm can do as well or better than he.
2. Those tasks he does not have time to do well.
3. Those tasks a subordinate cannot do as well as he, but his doing it interferes with more important tasks.
4. When it costs too much for his time to perform these tasks.
5. When he wants to develop his employees.

A Manager Should Not Delegate:

1. When it is confidential.
2. When he cannot keep control by delegating.

Questions:

Do you always delegate authority and give responsibility in equal amounts?

Are you always delegated authority and given responsibility in equal amounts?

^{5/}Carzo, R. and Yanouzas,; Formal Organization, Irwin, 1967, page 49.

OHIO AGRICULTURAL SERVICES AND NATIONAL DHIA

ORGANIZATION SURVEY

1. Your name.
2. Your department.
3. Products or services of your department.
4. Title or name of your position.
5. Your location (branch, annex, state, district, county, region -- distance from home office)
6. To whom do you report? If you report different actions or situations to different persons, be specific. Also specify reports and to whom you need to report before action and actions that need not be reported to anyone.
7. Title or name of position of your immediate supervisor.
8. Give names and titles (or names of positions) of those who report to you. Be specific as in question 6.
9. Describe all the responsibilities you have in your present position. Also describe any joint responsibility you have with others and relationships you have with others in your co-op.
10. What is the nature of your authority?
 - (a) Personnel - include supervising, selecting, promoting, termination, compensation
 - (b) Establishing Policies
 - (c) Order Supplies
 - (d) Marketing Products
 - (e) Incurring Expenses
 - (f) Changing or establishing methods and procedures
 - (g) Budgeting
 - (h) Extending Service
11. List the reports you receive about your firm and nay part of its operation and when these are received (weekly, monthly, etc.) and from whom they are sent.
12. List reports you prepare and indicate if daily, weekly, monthly, etc. and to whom they are sent.
13. List all records you are responsible for keeping and what you do with them.
14. List all other responsibilities and activities you have.